

Columbian

Columbian Home Products, LLC.

William Carper, Vice President of Operations

November 13, 2001

Mr. Andrew Stephens
Director, for Steel Trade Policy
Office of the USTR
600 17th Street, N.W.
Washington, DC 20608

Ms. Gloria Blue
Executive Secretary, TPSC
Office of the USTR
600 17th Street, N.W.
Washington, DC 20608

Re: Columbian Home Products
Japanese Import Steel Tariff Exemption

Dear Mr. Stephens / Ms. Blue:

Columbian Home Products, the last enamel-on-steel cookware company manufacturing in the United States requests an exemption from the International Trade COMMISSIONER'S DETERMINATIONS IN TA-201-73, *STEEL*, OCTOBER 22, 2001. The request made is to exempt Columbian Home Products from any tariffs pertaining to Harmonized Tariff Schedule 7225.50.8085 cold rolled and black plate steel purchased from Japan through Marubeni-Itochu America.

Failure to grant the tariff exemption to Columbian Home Products could adversely affect the business operations of Columbian Home Products to the point of business failure. With shrinking profit margins in a business already extremely challenged with international competition, the addition of tariffs on HST 7225.50.8085 steel that is required for operation of the business, could result in intolerable losses for Columbian Home Products. The consequence would be closure of the business and a loss of 150+ American jobs.

Situational Facts:

Columbian Home Products is the last enameled steel cookware company manufacturing in the United States. The company employs 150 + people in an economically depressed area of Terre Haute, IN. (**Encl.: A**) The business is dependent upon Japanese steel imported through Marubeni-Itochu to operate the manufacturing

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facility. Certain steel specifications are available only from NKK (Japan) Steel Company and other imported Japanese steels are of higher quality and performance yield than are available domestically. Additionally, **Marubeni-Itochu has been continually available and willing to meet our steel material needs when US domestic steel producers have been reluctant to do so. (Encl.: C)**

Columbian Home Products manufactures and sells enameled steel cookware under the brand name of GraniteWare and private labels to AAFES, Target, Wal-Mart, Kmart, Kohl's, TruServ, and other grocery, hardware, and general retailers. In an increasingly competitive market, the enameled steel cookware business has dropped from 16 domestic US manufacturers in 1939 to just one by 1975. Additionally, the product line has been decreased from a full line of cookware to a much more limited assortment today. The business today serves an annual market of approximately \$18MM and is significantly challenged by lower priced products from Mexico and other foreign countries along with constantly shrinking margins. Columbian Home Products has become dependent upon imported Japanese steel because it has proven to be the best available material for our cookware. **In addition to superior performance characteristics, Marubeni-Itochu has proven to be our most consistent and reliable source for drawing steel for the past 20 consecutive years. (Encl. B)**

The black plate and cold rolled steel we purchase from Japan through Marubeni -Itochu is listed on the Harmonized Tariff Schedule as HST 7225.50.8085. To enhance the drawing characteristics of the metal, boron is added to the chemistry of the steel. The addition of boron alters the black plate steel from the standard HST 7209.18.2550 and the cold-rolled steel from HST 7209.18.6000. **According to representatives at Marubeni-Itochu America, the steel specification supplied to Columbian Home Products by them is unique to us and not supplied to any other U.S. customer.** Additionally, there is only one other customer in the United States with different alloy steel imported by Marubeni -Itochu under the HST 7225.50.8085 classification.

Columbian Home Products Steel specification S135/49500 is solely available through Marubeni-Itochu and not available in the United States from a domestic producer.

Columbian Home Products has been importing Japanese Steel through Marubeni for the past two decades. There has not been a quarter in the past twenty years in which steel was not delivered to this facility. The past 5 years since 1996 has seen an import level of between 49% and 73% of the metal used was from Japan via Marubeni America. **In the past four years the proportion of Japanese to US domestic steel use has fallen.** This has been situational, and not an indication of improved service or availability by domestic producers. **(ENCL C)** In 2001 there are 8 open orders with US steel producers that are sufficiently late (beyond the scheduled delivery dates) enough not to be included in the data. Had they been included the percentage difference between the origin of steel used would have been closer to the 50% level. **The point is this: Columbian Home**

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Products has been dependent upon Marubeni supplied Japanese steel for far too long and in too large a quantity proportionate to our business to change the relationship of our supply change. (Encl. D)

To change our supply sources now by forcing increased prices upon Columbian Home Products with import tariffs will financially ruin our company! **The ITC ruling was designed to reduce or eliminate dumping. Our percentage of imported steel has**

actually declined in the past few years. We are not the problem. Please grant us an exemption. Don't put us out of business!!

Summary:

Our business is more than 50% dependent on continued supply from Japan. (ENCL D)

We have been purchasing steel continuously from Marubeni for over 20 years.

We are a small player in the overall market. (ENCL D)

We will not be able to survive if we have to rely upon domestic producers or pay import tariffs on Japanese steel. (ENCL B)

Domestic steel producers have proven to be unreliable suppliers (ENCL C)

Some of our steel is exclusive to Japan. (ENCL CHP STEEL SPECS & PRICING)

150+ jobs are riding on this import tariff exemption. (ENCL A)

Thank You,

(signed)

William Carper

Vice President of Operations

Columbian Home Products

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